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Wednesday, 08 October 2008, 10:27
C O N F I D E N T I A L SECTION 01 OF 03 BAKU 000947
SIPDIS

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TAGS PGOV, PREL, AJ, ENRG, TU

SUBJECT: AZERBAIJAN SEEKS TO DEVELOP ACG DEEP GAS, CAN

SUPPLY GEORGIA WITH WINTER GAS

REF: A) BAKU 919 B. B) BAKU 897 C. C) BAKU 883

Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)

¶1. (C) SUMMARY: BP Azerbaijan President Bill Schrader told USG interlocutors that there will be "plenty of gas" for Azerbaijan to sell to Georgia

¶2. (C) On September 29 BP Azerbaijan President Bill Schrader met with Ambassador Derse and UK Ambassador Browne, to brief them on ongoing proc

'PLENTY OF GAS' FOR GEORGIA

¶3. (C) Schrader said that given BP's ongoing oil production problems at the Central Azeri platform (refs A-C), BP would not technically be able

SD2 = 16 BCM/A

¶4. (C) Schrader said that currently Shah Deniz (SD) production was doing quite well, with four wells operating and a fifth due to start in Jar

GOAJ INTERESTED IN ACG DEEP GAS

¶5. (C) Schrader said that post-Georgia crisis, SOCAR has clearly seen the benefits of its association with IOCs and as such has sought to "fas

BAKU 00000947 002 OF 003

developing this field with the AIOC Consortium by the end of 2008. (COMMENT: Take together, this additional production projections for Shah Deniz

ACG AS SUBSTITUTE FOR SD2?

¶6. Schrader characterized Turkish intransigence on SD2 gas transit as the major barrier to expeditious SD2 development. He said that should the

SD1 ARBITRATION

¶7. (C) Schrader said that negotiations with Botas for the post-April 1, 2008 price of SD1 gas are still at a dead-end, with Botas offering a price

ACG OIL PRODUCTION PROBLEMS

¶8. (C) Schrader said that the September 17th shutdown of the Central Azeri (CA) platform, in which the "red button" was pressed after detecting

¶9. (C) It is possible that BP Azerbaijan "would never know" the cause of the gas leak, but BP is continuing to methodically investigate possible

SD2 GAS PIPELINE OPTIONS

¶10. (C) BP Azerbaijan Gas Marketing Manager Richard Ruddiman said that both the TGI and TAP pipeline projects each needed approximately seven

BAKU 00000947 003 OF 003

needed firm commitments of at least eight bcm/a and relatively firm commitments for a total of 18 bcm/a before construction could begin. Given sufficient

WESTERN ROUTE

¶11. (C) Schrader said the Western Route oil pipeline through Georgia to the Black Sea (Baku-Supsa) was ready to resume operations and would be

TURKMEN PETROCHEMICALS

¶12. (C) Schrader and Ruddiman said that developing gas-intensive petrochemical industries in Azerbaijan and Turkmenistan probably doesn't make

¶13. (C) COMMENT: The silver lining to ACG's ongoing oil production problems is that it seems to have solved Georgia's winter gas woes, given that

¶14. (C) COMMENT: The silver lining to ACG's ongoing oil production problems is that it seems to have solved Georgia's winter gas woes, given that

¶15. (U) DepSec staff, DAS Bryza, have cleared this cable. DERSE